

MAIN DIRECTIONS FOR OPTIMIZING CASH FLOWS

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Annotation

The paper discusses the importance and features of cash flow management, formulates the basic concepts of the cash flow management and planning system, considers the main directions for optimizing cash flows: balancing the volume of cash flows, synchronizing them in time, maximizing net cash flow, measures to balance the volume of deficit and excess cash funds and measures to increase the net cash flow of the enterprise. It also shows the negative consequences of scarce and excess cash flow on the results of economic activity of the enterprise.

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Cash flow management of an enterprise is an important part of the overall system for managing its financial activities. The value of cash flow management in an enterprise can hardly be overestimated, since not only the long-term maintenance of business activity, but also its intensive development depends on its quality and efficiency. This is especially true during the period of economic contraction [1, p.62].

The system of cash flow management at an enterprise in general terms means a set of methods, tools and approaches used by the financial service of an enterprise for a targeted, continuous impact on cash flow. This impact is always subject to a specific goal.

The main function of cash flow management is to balance the types, volumes, periods and other basic specifications. For the effective implementation of the main function, it is necessary to introduce a system of planning, accounting, analysis and control of finances at the enterprise. This system as a whole helps to improve the efficiency of cash flow management and, in particular, helps to:

- reduce current needs for financial resources by accelerating the turnover of cash assets and reducing accounts receivable, as well as choosing the most appropriate cash flow structure;
- more efficient use of the released funds (including insurance balances) through the investment system,

ensuring a surplus of funds and the necessary solvency of the enterprise in the current period, by synchronizing positive and negative cash flows in the context of each period.

It is advisable to remember that cash without use becomes a non-profitable asset. As a result, an effective financial management system consists in maintaining funds at the lowest possible level for the implementation of the business activities of the enterprise, including for the timely payment of supplier invoices. This point is important, because allows you to take advantage of discounts. It is also rational to take into account the possibility of maintaining a constant creditworthiness, paying for unforeseen expenses associated with commercial activities. Small and medium-sized businesses should be especially attentive to targets due to sensitivity to external conjuncture and accounting features [4, p. 123].

The purpose of managing the cash flows of an enterprise is to maintain the optimal balance of funds by ensuring a balance of their receipt and expenditure [2, p.93].

Cash flow optimization is considered one of the most important and difficult stages of management. Its essence is reduced to the process of choosing the most effective tools for organizing cash flows at the enterprise, taking into account the conditions and features of the implementation of its economic activities. Before implementing optimization, it is necessary to study the factors of the external and internal environment of the enterprise, which can influence their volumes and the nature of their formation over time.

The basic directions for optimizing the cash flows of an enterprise include: identifying the balance of cash flows, synchronizing flows in different periods, maximizing net cash flow. Balance is the most important component of optimization, because both excess and lack of cash have a negative impact on the activities of the enterprise, which is discussed in more detail in table 1.

Table 1. Negative effects of unbalanced cash flow

Cash flow surplus	Cash flow deficit
<ul style="list-style-type: none"> – the real value of temporarily unused funds from inflation will be lost, - the potential income from the unused part of monetary assets in the field of their short-term investment will be lost, – the level of return on assets and equity of the enterprise will be reduced 	<ul style="list-style-type: none"> - there will be a decrease in liquidity and the level of solvency of the enterprise, – overdue accounts payable to suppliers of raw materials and materials will grow, – salary delays, – increasing the duration of the financial cycle, – decrease in the profitability of the use of equity capital and assets of the enterprise

The cost of missed opportunities (refusal to participate in any investment project) arises when the enterprise has a large amount of money on the current account. With a minimum reserve of funds, there are costs for replenishing this stock, the so-called maintenance costs (commercial costs due to the purchase and

sale of securities, or interest and other costs associated with attracting a loan). to replenish the balance of funds). Therefore, when solving the problem of optimizing the balance of money on the current account, it is advisable to take into account two mutually exclusive circumstances: maintaining current solvency and obtaining additional profit from investing free cash [3]. Balancing the volume of deficit and excess cash is presented in Table 2 [4, p. 156].

Table 2. Measures to balance the volume of deficit and excess of funds

Excess cash flow	Cash flow deficit
1. increases investment activity; 2. expands and diversifies activities; 3. allows early repayment of long-term loans; 4. reduces the volume and composition of real investment programs; 5. leads to the rejection of financial investment; 6. reduces the amount of fixed costs of the enterprise.	1. reinforces the need to attract additional equity or debt capital; 2. get rid of non-core non-current assets; 3. reduces the investment program of the enterprise; 4. reduces costs; 5. promotes the attraction of strategic investors in order to increase the amount of own capital; 6. causes the need for additional share issues.

Synchronization of cash flows in time is the second direction of cash flow optimization, which aims to ensure an effective level of solvency of the enterprise in each of the intervals of the prospective period while reducing the amount of insurance reserves of monetary assets. The predictable cash flows are subject to synchronization. A necessary condition for their optimization is the possibility of change over time. In the process of synchronization of cash flows in time, two main methods are used - alignment and increase in the closeness of the correlation between individual types of flows [4, p.178, 5].

Under the alignment of cash flows is meant the smoothing of volumes within different intervals of the same period. This optimization tool, to a certain extent, levels out seasonal and cyclical fluctuations in the process of generating cash flows (both positive and negative), simultaneously optimizing average cash balances and increasing liquidity. To evaluate the effectiveness of this tool for optimizing cash flows over time, the standard deviation or coefficient of variation is used, whose values should decrease during the optimization process. Strengthening the tightness of the correlation is possible when using the "System of acceleration - deceleration of the payment turnover from a" (or "System of Leeds and Legs ") for cash flows. This system allows you to develop organizational measures at the enterprise to accelerate the attraction of funds and slow down payments in specific periods in order to increase the balance of the generation of positive and negative cash flows. Maximizing the net cash flow is both an optimization direction and the ultimate goal of the enterprise.

Achieving the planned result makes it possible to increase the level of its self-financing and reduce dependence on external sources of financing, and ensures an increase in the market value of the enterprise. The following main activities contribute to the increase in the value of the net cash flow of the enterprise [4, p. 149]:

- reduction of fixed costs;
- reduction of variable costs;
- implementation of an effective tax policy that ensures a reduction in the level of total tax payments;
- implementation of an effective pricing policy that ensures an increase in the level of profitability of operating activities;
- application of the method of accelerated depreciation of fixed assets used by the enterprise;
- reduction of the amortization period for intangible assets used by the enterprise;
- sale of unused types of fixed assets and intangible assets;
- implementation of claim work with the aim of full and timely collection of penalties.

Based on the optimization of the company's cash flows, a system of plans for the rational use of the enterprise's funds can be built, taking into account its specifics, and an appropriate system of control over their execution can be introduced.

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